

POWDERHORN AREA UTILITY DISTRICT  
REGULAR MEETING – MARCH 15, 2007  
MINUTES

The PAUD Board met in regular session at 4:30 p.m. on March 15, 2007 at the Ironwood Township Hall, Ironwood MI 49938. Notice of meeting was published in the *Daily Globe* newspaper "8 Day Calendar of Events".

CALL TO ORDER: The meeting was called to order by Chairman Estola, followed by the pledge of allegiance to the flag.

ROLL CALL: Present: Estola, Salmi, and Grenfell (alternate)  
Absent: Randall

Also present: Darla & Tom Nelson, Snow Country Contracting; Chuck Lawson, project engineer; Mr. & Mrs. Gordon Erickson, residents; Mr. & Mrs. Jim Bucknell, residents.

MINUTES: Moved by Salmi and supported by Grenfell to accept as presented and place on file the minutes of the February 15, 2007 regular meeting. Motion carried.

Presentation of 2006 annual audit: Mr. Dave Traczyk, C.P.A. presented the annual audit of for the fiscal year ended September 30, 2006. Mr. Traczyk stated that two audits were performed, the audit of the regular activities of PAUD and a single audit of the management of the funds received from the federal government for the construction of the new sanitary sewer system. Mr. Traczyk rendered an unqualified opinion or a clean audit. He stated that PAUD is in good financial shape, has started billing the users of the sewer system and had adequate funds to meet the financial obligations for the upcoming year.

Moved by Grenfell and supported by Salmi to accept and place on file the audit for the 2006 F.Y. Motion carried.

OPERATING ACCOUNT CLAIMS: Moved by Estola and supported by Grenfell to approve payment of the claims against the operating account in the amount of \$121,777.51, which includes interest payments of \$89,776.04 on loan 92-01 and \$19,935.00 on loan # 91-02.

Motion was unanimously carried upon a roll call vote.

COMMUNICATIONS: Moved by Salmi and supported by Grenfell to place the communications on file.

OLD BUSINESS:

A. Damage claim status: Chuck Lawson, project engineer, reviewed the status of the well claims. A letter from Fairmont Specialty, claim adjuster for Paschke Drilling & Blasting denying the claims and quoting data to support their denial was reviewed. Mr. & Mrs. Bucknell were present at the meeting to detail their claim. They state that they are continuing to have "red water" problems and are dismayed at the length of time they have had to contend with the situation. The PAUD Board members are distraught that Snow

Country Contracting, the project general contractor has not responded in a more favorable way to these claims. Mr. Lawson outlined several options that may be available to the board but stated that PAUD should seek a legal opinion before proceeding with any action. The Welty/Piper House sewer back-up claim due to construction personnel's failure to re-open a valve was discussed; Snow Country Contracting has refused to honor this claim also. Mr. Lawson suggested placing phone numbers on the pump stations and grinder pumps so PAUD personnel can be reached faster in an emergency. Administrator stated that all the sewer users were sent the numbers and instructed to post them in a conspicuous place. Quotes will be obtained from Alf Craft to place such information on in the areas suggested.

Moved by Grenfell and supported by Salmi to authorize the administrator to contact Mr. Ron Greenlee, attorney located in Marquette, MI, to seek an opinion detailing the options PAUD has in facilitating the settlement of the damage claims without injuring the utility district or placing an undue financial burden on the rate payers and authorize up to \$5000.00 for these legal fees.

Motion was unanimously carried upon a roll call vote.

B. Discussion was held regarding the pending resignation of the PAUD Administrator and the need to relocate the PAUD office. Mrs. Verbos stated that the office needs to be moved from the Bessmer Township Hall where it is presently located so it will not be dependent on her continued expertise. No action was taken.

#### NEW BUSINESS:

A. Moved by Grenfell and supported by Salmi to approve and authorize signatures on construction project partial pay request # 28 in the amount of \$23,890.08.

Motion was unanimously carried upon a roll call vote.

B. Moved by Salmi and supported by Grenfell to accept and authorize signatures on a proposal from David Traczyk, CPA for auditing services for 2007, 2008 and 2009 for a fee not to exceed \$4750 per year, which includes performing a single audit if needed for \$2000.00 per year.

Motion was unanimously carried upon a roll call vote.

C. Due to the time consuming amount of work required during the quarterly billing cycles, Administrator Verbos requested authorization to hire a part time assistant. This person will also be trained on the day to day operations of PAUD.

Moved by Estola and supported by Salmi to authorize the administrator to hire and train an assistant at the rate of \$10.00 an hour and to contact the PAUD general liability insurance carrier concerning bonding of the new employee.

Motion was unanimously carried upon a roll call vote.

**FINANCIAL REPORTS:** Moved by Salmi and supported by Grenfell to place the financial reports on file. Motion carried.

## PUBLIC COMMENT AND OTHER BUSINESS

Administrator reported that overflow alarms on the pump stations are continuing to call at all hours of the night, days and weekends. This situation has gone on long enough and the leaking vaults need to be permanently repaired or replaced.

Mr. Lawson will inspect the vaults with Mr. Sworab, system operator and send a letter to Snow Country Contracting.

Mr. & Mrs. Gordon Erickson addressed the board on the rates being charged to permanent residents living in the sewer district. Since the majority of the property owners use their properties as vacation homes or rent them for profit, they feel a different rate structure for the permanent residents should be considered.

Administrator Verbos stated that she has information concerning poverty exemption rates, but to qualify the household income for two people under age 65 is \$9,414. It is doubtful if any one living in the district would qualify under this scenario. The legality of basing a rate on the homcowner qualifying for the Michigan Personal Residence Exemption is being looked into. User rates have to be equal and uniformly applied to all users of a system.

**ADJOURNMENT:** Moved by Grenfell and supported by Salmi to adjourn at 5:45 p.m.  
Motion carried.

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Richard Estola, Chairman

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G. Jean Verbos, Administrator